



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 28, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-35
Authorizing a Term Sheet and an Intergovernmental Agreement Related to the OMSI District Master Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolutions No. 7550 and 7551

These actions by the Prosper Portland Board of Commissioners (Board) will approve i) a Term Sheet with the Oregon Museum of Science and Industry (OMSI) related to the development of the OMSI Central City Master Plan (CCMP), and ii) an Intergovernmental Agreement (IGA) with the City of Portland (City) Bureau of Transportation (PBOT) in the amount of \$10,900,000 of Central Eastside Tax Increment Finance (TIF) resources, and up to \$16,900,000, should Prosper Portland and Business Oregon execute a \$6,000,000 grant as proposed in Item 24-34 on the August 28, 2024, Prosper Portland Board agenda.

If approved, the Term Sheet will set the fundamental framework and structure related to the OMSI CCMP development and help guide the basis for negotiating one or more future development agreements (see a Master Plan Rendering in Attachment A).

If approved, the IGA will provide funding for infrastructure improvements that will improve and realign the street network within the OMSI District, enhancing neighborhood connectivity and allowing for future build out (see a Site Plan and New Water Avenue Street Improvements in Attachment B).

STRATEGIC ALIGNMENT AND OUTCOMES

These actions deliver on several Advance Portland objectives, most notably by “catalyzing public-private partnerships to unlock infill development of large scale mixed-use, mixed-income sites with high transit accessibility,” and “addressing housing production across a continuum of affordability.”

In addition, these actions fulfill the City of Portland’s Central City 2035 goals, including i) economic development; ii) housing and neighborhood development; iii) transportation; iv) riverfront integration; v) urban design; and vi) health and environment.

BACKGROUND AND CONTEXT

OMSI is a regional science and cultural institution that attracts over one million visitors annually. Its mission is to inspire curiosity through engaging science learning experiences, fostering experimentation, and exchanging ideas and stimulating informed action. OMSI collaborates with partners through direct programming, classroom learning, and regional partnerships. The museum moved to its current location, a former PGE power station donated to OMSI, in the early 1990s. Situated along the Willamette River between the Marquam and Tilikum Crossing bridges, OMSI owns roughly half of the

property surrounding the museum. Its neighbors include the Portland Community College Climb Center and the former Hampton Opera Center, which the Native American Rehabilitation Association of the Northwest recently acquired from the Portland Opera. OMSI seeks to create a one-of-a-kind inclusive community destination rooted in innovation, culture, the arts and science. It will use the proceeds from land transactions to further its corpus and continue its programming and community connections.

City Council adopted the initial Central City 2035 Plan by Ordinance No. 189000 on June 6, 2018, to serve as the primary guiding policy document setting forth the goals, policies, and tools to guide growth and development in the Central City. It identified the Central Eastside as a Regional Center district within the Central City and the OMSI Station Area within the Central Eastside as a large potential redevelopment site, requiring it to go through a Central City Master Plan process to identify future development requirements, locations of uses, plans for meeting infrastructure capacity, and the location of open space and rights-of-way that will connect to the larger surrounding district.

In 2018, OMSI retained Edlen & Co. as its master developer and ZGF Architects to lead the Central City Master Plan process. In addition, Prosper Portland coordinated City bureau participation to support master plan development. OMSI's plan contemplates a new waterfront education park featuring public green space, plazas, restored riparian and upland habitats, and outdoor science programming. Through its partnerships with the Indigenous and Tribal communities, a Native presence will be restored along the waterfront and within the built environment. The OMSI District will ultimately become home to 1,200 new residential units, with a goal of over one-third of them being offered affordably. On February 16, 2023, in Case Number LU-21-115214, the City's Design Commission approved the OMSI Central City Master Plan (OMSI CCMP) to guide future development.

Prosper Portland partnered with City bureaus to negotiate the Term Sheet with OMSI to identify and invest in public and private infrastructure within the OMSI District over three phases. Construction of New Water Avenue and the Waterfront Education Park are key projects for Phase One. OMSI will also identify private development projects and build out 250,000 gross square feet of vertical development. OMSI recognizes the previous public resources that have been invested to support the district's growth, and under the Term Sheet agrees not to seek financial support from City partners for any projects identified in the OMSI CCMP except as committed in the Phase One without notice and agreement. Phase Two is focused on feasibility, including a district parking solution and private development, and an agreement between the Portland Housing Bureau and OMSI to achieve the district's affordable housing goals. Phase Three uses the feasibility findings to continue build out of the district.

Funding in the IGA will support realignment and construction of New Water Avenue, which will become the primary multi-modal street dedicated to moving freight, accommodating a new two-way cycle track, and linking to the Major City Bikeway on the Tilikum Crossing Bridge and connecting the Hawthorne Bridge with the Springwater Corridor Trail (see Attachment B). Old Water Avenue will also require some street improvements to support the new alignment. OMSI, Prosper Portland, and PBOT have been working diligently to identify public resources to build the \$30,000,000 project. Given the public benefits of this infrastructure, Prosper Portland is providing \$10,900,000 in Central Eastside TIF resources to PBOT for the design, construction, and management of the project through the IGA. The State of Oregon is providing an additional \$11,000,000, including a recent allocation of \$6,000,000 through the State Infrastructure Fund (the action to accept grant funds from Business Oregon are proposed in Item 24-XX on the August 28, 2024, Prosper Portland Board agenda).

The partners will continue to pursue funds to cover the balance of the project cost through June 2025. If unsuccessful, the Term Sheet identifies a waterfall approach to reduce infrastructure costs that culminates with OMSI agreeing to a local improvement district to cover the financial gap.

EQUITY IMPACT

As outlined in the Term Sheet, OMSI has elected, at its discretion and in line with its extensive community engagement process, to voluntarily apply relevant green building policies and construction business and workforce equity policies in its private development and private infrastructure projects to advance its own equity and sustainability goals. The IGA will be subject to the City's Construction Diversity Inclusion Policy and the Regional Workforce Equity Agreement.

COMMUNITY PARTICIPATION AND FEEDBACK

OMSI has overseen community engagement for the development and approval of the CCMP since 2015. Prosper Portland staff have regularly engaged with the Central Eastside Industrial Council (CEIC) and its Land Use Committee on the City's role in the development of the master plan and opportunities to invest TIF resources. Members from the CEIC broadly support this infrastructure investment and affordable housing investments. OMSI and Prosper Portland staff have also gathered overwhelming support from the Center for Tribal Nations for the development of the OMSI CCMP as well as the Waterfront Education Park.

BUDGET AND FINANCIAL INFORMATION

The full amount of the IGA is not currently budgeted in the fiscal year (FY) 2024-25 Adopted Budget (see Attachment C). The FY 2024-25 Adopted Budget includes \$7,900,000. The balance of the agreement (\$3,000,000) will be carried over from the prior year budget (FY 2023-24) as a recommended adjustment in the FY 2024-25 Revised 1 Budget being considered by the Prosper Portland Board on August 28, 2024, through Item 24-40. The remaining \$6,000,000 commitment is subject to the execution of a grant agreement with Business Oregon for a Housing Infrastructure Grant (the action to accept grant funds from Business Oregon are proposed in Item 24-34 on the August 28, 2024, Prosper Portland Board agenda).

RISK ASSESSMENT

Should the Prosper Portland Board not approve the resolutions, construction of New Water Avenue will likely not proceed and the commitment to Term Sheet would not be fulfilled.

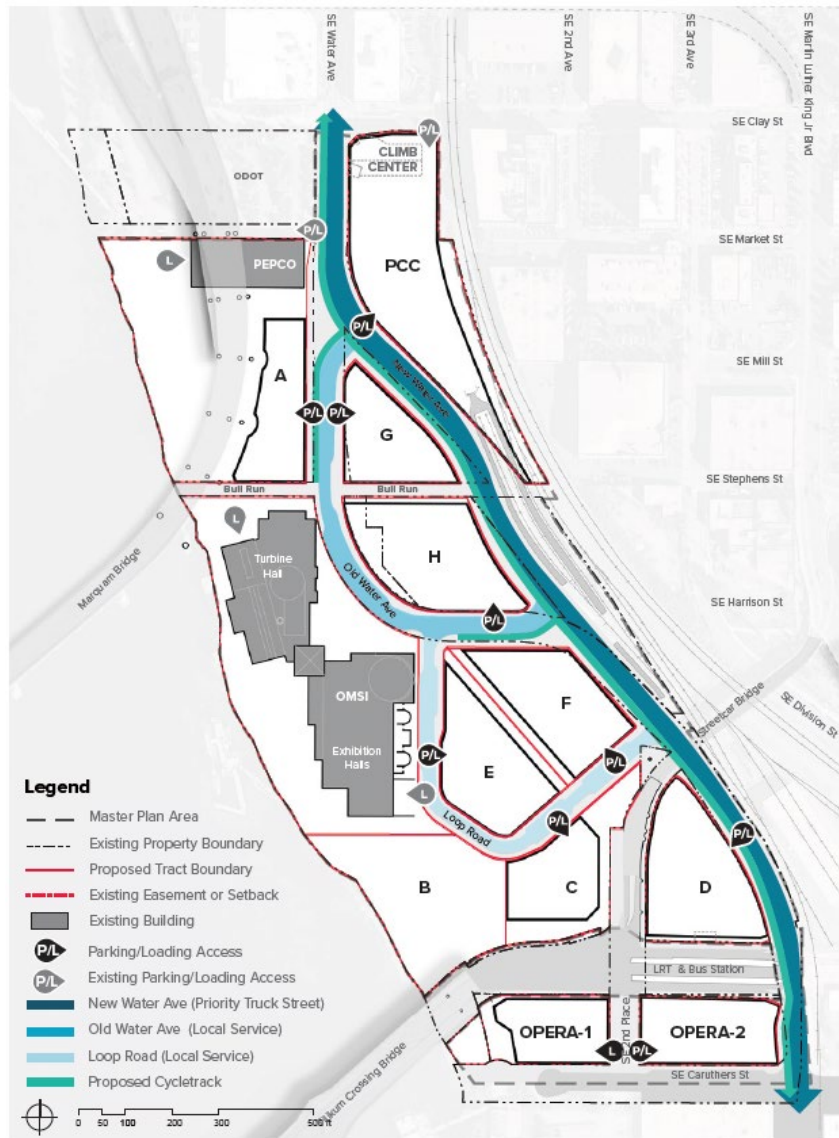
ATTACHMENTS

- A. OMSI District Master Plan Rendering
- B. Site Plan and New Water Avenue Street Improvements
- C. Central Eastside Budget and Forecast

OMSI DISTRICT MASTER PLAN RENDERING



SITE PLAN AND STREET IMPROVEMENTS FOR NEW WATER AVENUE



CENTRAL EASTSIDE BUDGET AND FORECAST

**Financial Summary
Forecast**

Central Eastside TIF Fund	Revised FY 2023-24	Adopted FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Resources						
Beginning Fund Balance	36,459,596	15,447,409	3,142,401	2,033,539	1,683,433	1,332,816
Revenue						
Interest on Investments	729,192	276,690	0	0	0	0
Loan Collections	167,531	0	0	0	0	0
TIF - Long Term Debt	0	2,405,862	0	0	0	0
Miscellaneous	130	0	0	0	0	0
Rent and Property Income	73,109	47,549	49,688	0	0	0
Total Revenue	969,962	2,730,101	49,688	0	0	0
Total Resources	37,429,558	18,177,510	3,192,089	2,033,539	1,683,433	1,332,816
Requirements						
Administration						
A00028-Debt Management-CES	9,455	9,500	9,600	0	0	0
Administration Total	9,455	9,500	9,600	0	0	0
Economic Development						
Business Advancement & Traded Sector						
A00379-Lean Manufacturing-CES	33,855	50,000	0	0	0	0
Business Lending						
A00207-BL -General-CES	400,000	400,000	400,000	0	0	0
Economic Development Total	433,855	450,000	400,000	0	0	0
Housing						
A00169-Affordable Housing-CES	1,965,811	4,911,477	0	0	0	0
Housing Total	1,965,811	4,911,477	0	0	0	0
Infrastructure						
Transportation						
A00421-Trans. Improvements-CES	3,000,000	7,900,000	0	0	0	0
Infrastructure Total	3,000,000	7,900,000	0	0	0	0
Property Redevelopment						
Real Estate Management						
A00236-Lightwater Craft-CES	23,837	4,220	4,642	5,106	5,617	6,178
A00313-ODOT Blocks-A-CES	41,824	41,824	41,824	0	0	0
A00319-Festival Parking Lot-CES	17,759	0	0	0	0	0
A00551-240 NE MLK Lot-CES	59,985	46,500	46,500	0	0	0
A00561-Springwater Trail-CES	11,158	11,200	0	0	0	0
A00627-ODOT Blocks-B-CES	2,813	9,922	9,922	0	0	0
A00628-ODOT Blocks-C-CES	7,393	7,591	7,591	0	0	0
Real Estate Predevelopment						
A00763-Workshp Blocks Environmental-CES	2,750,000	5,850	5,850	0	0	0
Real Estate Disposition						
A00627-ODOT Blocks-B-CES	10,000	0	5,850	0	0	0
A00551-240 NE MLK Lot-CES	68,800	68,800	0	0	0	0
Redevelopment Strategy						
A00320-Project Development-CES	420,000	0	0	0	0	0
Redevelopment Grants						
A00500-Prosperity Investment Program (PIP) Grant-CES	964,719	150,000	150,000	0	0	0
A00520-CLG General-CES	574,354	125,000	125,000	0	0	0
A00668-Repair Grant-CES	4,984	0	0	0	0	0
Property Redevelopment Total	4,957,626	470,907	397,179	5,106	5,617	6,178
Total Program Expenditures	10,366,747	13,741,884	806,779	5,106	5,617	6,178
Personnel Services	169,554	496,341	152,944	150,000	150,000	150,000
Total Fund Expenditures	10,536,301	14,238,225	959,723	155,106	155,617	156,178
Interfund Transfers - Indirect Charges	1,745,848	663,978	198,827	195,000	195,000	195,000
Interfund Transfers - Cash Transfers	9,700,000	0	0	0	0	0
Contingency	15,447,409	3,275,307	2,033,539	1,683,433	1,332,816	981,638
Total Fund Requirements	37,429,558	18,177,510	3,192,089	2,033,539	1,683,433	1,332,816